

Message Text

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ACTION EA-14

INFO OCT-01 ADP-00 AID-20 EB-11 NSC-10 RSC-01 CIEP-02

SAL-01 SS-14 STR-08 OMB-01 CEA-02 CIAE-00 COME-00

FRB-02 INR-09 NSAE-00 TRSE-00 XMB-07 OPIC-12 LAB-06

SIL-01 PA-03 PRS-01 USIA-12 L-03 H-02 RSR-01 /144 W
----- 008516

R 240209 Z MAR 73

FM AMEMBASSY SEOUL
TO SECSTATE WASHDC 6955
INFO AMEMBASSY TOKYO
AMCONSUL HONG KONG

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E. O. 11652: ADS, DECLAS 3/23/74

TAGS: BEXP, EFIN, BTRA

SUBJECT: VISIT OF EXIMBANK CHAIRMAN, HENRY KEARNS

SUMMARY: DURING WHIRLWIND TWO- DAY (MARCH 21-22) VISIT TO SEOUL
CHAIRMAN KEARNS EMPHASIZED NECESSITY FOR ROKG TO OBTAIN WIDER USE
OF RELENDING CREDITS AND RELIABLE FEASIBILITY STUDIES FOR LARGER
PROJECTS (SUCH AS STEEL MILL) INTENDED FOR EXIM FINANCING.

1. UP TO MIDDLE OF MARCH ONLY SOME \$6 MILLION UTILIZED OF
ORGINAL \$24 MILLION IN RELENDING CREDITS MADE AVAILABLE OCTOBER
1971. PRIOR TO KEARNS VISIT, EMBASSY HELD INTENSIVE DISCUSSIONS
WITH ROKG OFFICIALS IN EFFORT TO OBTAIN RELAXATION OF CONDITIONS
FOR CREDIT UTILIZATION. SUBJECT ALSO RAISED BY VAN GESSEL GROUP
DURING OFFICIAL CALLS MARCH 9. ON DAY BEFORE KEARNS ARRIVAL,
EMBASSY
WAS INFORMED THAT KOREA EXCHANGE BANK (KEB) WAS PREPARED TO SHARE
CREDIT WITH FIVE COMMERCIAL BANKS WHO WOULD CHARGE SAME INTEREST
RATE AS KEB.

2. IN OFFICIAL AND PRIVATE CONVERSATIONS AFTER ARRIVAL, KEARNS
EXPRESSED GRATIFICATION AT CONCESSION AND EMPHASIZED IMPORTANCE OF
KEB FOLLOWING THROUGH BY KEEPING INTERBANK PROCEDURES
UNCOMPLICATED

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SO THAT RELENDING CREDIT COULD BE USED RAPIDLY BY KOREAN INDUSTRY, INCLUDING MEDIUM AND SMALL ENTERPRENEURS SEEKING TO OBTAIN U. S. PRODUCTS. HE EXPRESSED VIEW THAT REMAINING CREDIT COULD BE USED UP RAPIDLY UNDER NEW CONDITIONS AND GAVE ASSURANCE THAT EXIM WOULD BE WILLING TO PROVIDE ADDITIONAL FUNDS WHENEVER THIS HAPPENED.

3. SECOND POINT, WHICH KEARNS RAISED IN ALL OFFICIAL CALLS, WAS IMPORTANCE OF OBTAINING ADEQUATE PROJECT FEASIBILITY STUDIES BEFORE SEEKING FINANCING FROM EXIMBANK OR OTHER INTERNATIONAL LENDERS. HE SPECIFICALLY REFERRED TO SECOND INTEGRATED FIVE- MILLION- TON STEEL FACILITY FOR WHICH HE SUGGESTED STUDY BY U. S. STEEL. HE ASSURED KOREAN OFFICIALS THAT EXIM WOULD BE GLAD CONSIDER FINANCING ALL OR A MAJOR PART OF THIS FACILITY IF ECONOMICS WERE PROVED OUT.

4. DURING INTERVIEW WITH MINISTER OF COMMERCE & INDUSTRY, KEARNS WAS TOLD MINISTRY WAS COMPLETING STUDIES ON POSSIBLE INCREASES IN IMPORTS FROM UNITED STATES, INCLUDING SUBSTITUTION OF IMPORTS PREVIOUSLY OBTAINED FROM JAPAN. WHEN RESULTS OF STUDY IN HAND, MINISTRY WILL DISCUSS WITH EMBASSY POSSIBILITY OF KOREAN BUYING MISSION TO UNITED STATES. KEARNS ACKNOWLEDGED IMPORTANCE THIS PROPOSAL, INCLUDING POLITICAL IMPACT, BUT SUGGESTED, IN ADDITION, MINISTRY SHOULD WORK WITH EMBASSY IN HELPING TO INTRODUCE U. S. EXPORTERS TO KOREAN MARKET AND KOREAN BUYERS TO U. S. SUPPLIERS.

5. TROUBLED BY FREQUENT KOREAN SUGGESTION THAT EXIM SHOULD IMPROVE LENDING TERMS, KEARNS ASSERTED IN INTERVIEWS, AND INCLUDED IN

PUBLIC LUNCHEON STATEMENT, IMPORTANCE HE PLACED ON KOREAN REALIZATION

THE KOREA IS IS EMERGING FROM PERIOD OF CONCESSIONAL CREDITS INTO PERIOD WHEN DEALINGS ABROAD MUST BE CONDUCTED ON COMMERCIAL TERMS.

IN THIS REGARD HE ANNOUNCED THAT EXIMBANK VICE PRESIDENT FOR ASIA, JOSEPH RAND, WOULD BE RETURNING TO KOREA IN SEVERAL MONTHS TO CONDUCT

SEMINARS FOR GOVERNMENT, BUSINESS AND BANKING COMMUNITIES ON SUBJECT OF COMMERCIAL CREDIT UTILIZATION.

6. BUSY KEARNS SCHEDULE WHICH INCLUDED BREAKFASTS WITH KOREAN AND AMERICAN BANKERS, AMBASSADOR'S LUNCHEON FOR EXIM CUSTOMERS, DEPUTY PRIME MINISTER' S DINNER FOR MINISTERS, AND INDIVIDUAL CALLS ON DPM, PRIME MINISTER AND MINISTERS OF FOREIGN AFFAIRS, FINANCE, AND COMMERCE & IDUSSTRY, WAS CLIMAXED BY ONE- HOUR CALL ON PRESIDENT PARK.

MR. KEARNS REITERATED TO PRESIDENT PRINCIPAL POINTS INDICATED ABOVE AND STRESSED THAT EXIMBANK WOULD BE GUIDED BY ECONOMIC CONSIDERATIONS

IN FINANCING PROJECTS WHICH WERE GOOD FOR KOREA AND WOULD PAY FOR

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THEMSELVES. PRESIDENT IDENTIFIED PRINCIPAL AREAS OF FUTURE ECONOMIC
DEVELOPMENT IN WHICH HE HOPED TO HAVE AMERICAN PARTICIPATION,

STATED

HE WOULD STAY IN TOUCH WITH EMBASSY ON THESE MATTERS, AND
EXPRESSED

HOPE THAT AMERICAN BUSINESSMEN WOULD AGRESSIVELY PURSUE
OPPORTUNITIES

THAT HAD BEEN IDENTIFIED FOR THEM.

HABIB

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